

D/S

Mem. 677

Executive Committee, EDAC (Meeting of 8 January 1957)

Hale opened the meeting to indicate there would be a revision of the agenda to discuss an exchange of correspondence between CFEF and the chairman of EDAC. Hale discussed the exchange briefly, indicating that Admiral DeLany thought the Randall memorandum not a criticism of the substantive material before CFEF but rather a criticism of EDAC instruction for bilateral meetings. There followed a discussion of the correspondence by the committee members.

State indicated that in their opinion, nothing could be done in a policy way until the bilaterals had been completed.

ICA representative indicated that there seemed to be some obvious conflict within the government on the sort of economic defense policy to be followed. He said this was the first time he has heard anything about it in a formal way and he would like to know now more specifically what is looked for at executive levels.

CIA representative indicated that no action could be taken on the problem until the committee had outlined the general nature of the policy other than to indicate the extent of intelligence support that might be possible in support of various proposals.

Treasury representative also recognized the existence of such a conflict and wondered whether EDAC was completely out of the line with policy opinion at high levels or whether they still might be able to furnish an opinion in the form of a proposed policy. (Hale, in commenting at this point, indicated that the CFEF staff -- Cullen, Galbraith and Rand -- had been quite opposed to the sort of line taken in EDAC 121/4A.)

Commerce representatives indicated that Mr. Randall has taken exception to EDAC on a matter in which EDAC asked for guidance and on which no guidance was given. He recognized that there was considerable Agency difference of opinion on the matter of policy but felt that the criticism was more properly laid on CFEF than on EDAC. He thought it particularly difficult to rationalize paragraph 5 of the CFEF memorandum with recent U.S. policies such as the policy on exchanges. He indicated that Commerce would prefer to go ahead and re-do (and complete) EDAC 121/4A.

The Defense representative indicated that the whole matter seemed unclear; he wondered precisely what "liberalization" meant. He thought it probable that a policy could be formulated and forwarded to CFEF without reference to recent negotiations for a CG meeting or the results of the bilaterals. He thought a possibility would be to draft a very general sort of policy paper essentially omitting the detailed consideration of course of action.

Commerce began the informal discussion by saying that what we needed was a policy, one we could place before CFEP and then asserted that no one in their organization could stand by EDAC 152/3 nor even any modest revision of this paper. Hale disagreed with this position and indicated he thought that there were others in disagreement with it as well.

Hale summarized the possible courses of action open to the committee as follows: (1) revision and extension of EDAC 121/4A to make a complete policy paper; (2) return to CFEP with a request that they answer the questions put to them (and update the questions) before preparing the policy paper indicating that a policy paper cannot be written without the answers to these questions; (3) revise EDAC 152/3 in general terms providing for a greater latitude of action and forward this. He closed the meeting by asking the various members to consult their principals and report at the earliest moment. He indicated that if there were general agreement on a course of action coming out of these replies that the executive committee would attempt to move rapidly to respond to the CFEP. If there were no approximate consensus on a course of action, EDAC would be convened to designate a course.

Copies of material circulated at the meeting included:

EDAC D-127/1  
EDAC D-127/2

Commerce Memorandum to Executive Committee, dated 7 January 1957  
Analysis of EDAC Proposals for Revision Economic Defense Policy